

**Memorandum of Understanding Between
the Wisconsin Department of Natural Resources
and Madison Gas and Electric Company
Concerning Correspondence and Communication
Related to the Environmental Cooperative Agreement
of September 26, 2002**

Background

The Wisconsin Department of Natural Resources (WDNR) and Madison Gas and Electric Company (MGE), hereafter referred to as the "Parties," entered into an Environmental Cooperative Agreement (ECA) on September 26, 2002. The full text of the ECA and other relevant information are available at <http://dnr.wi.gov/org/caer/cea/ecpp/agreements/mge/index.htm>.

Section XV of the ECA specifies:

XV. ADDRESSES

MGE and WDNR shall each appoint a representative from their respective organizations to serve as a liaison under this agreement. All correspondence and communications between the parties shall be directed to the designated liaisons. They shall also measure the opinions of employees and the public regarding participation in this program and seek to increase trust among WDNR, the Company and the public. The current liaisons for MGE and WDNR are listed below. Changes in each organization's liaison or their associated addresses shall be forwarded to the other party once effective and will become a part of this agreement without formal amendment.

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Understanding of the Parties to the Agreement

The Parties seek to clarify the ECA as it relates to communication between the designated liaisons described by Section XV ("Liaisons"). This clarification is necessary to facilitate the efficient exchange of information between the Parties and to eliminate concerns about whether the Parties are abiding by the terms of the ECA when employees, other than the Liaisons, exchange information necessary for the implementation of the ECA. The Parties agree to the following points of clarification:

1. Correspondence and communication between MGE and the WDNR that are completely unrelated to the ECA and not likely to affect the ECA need not be directed to the Liaisons. Only correspondence and communications directly related to the implementation of the ECA are subject to the requirements of Section XV.
2. The Liaisons will, at times, refer ECA implementation issues to members of the special multi-discipline regulatory and compliance assistance team established under Section XI.D.1. of the ECA or to other subject matter experts. In such cases, the persons accepting delegated responsibility shall ensure the Liaisons are involved in or receive copies of all correspondence and communications that concern final decisions, points of disagreement, or significant issues. It is not necessary for persons accepting delegated responsibility to involve or copy the Liaisons on routine correspondence and communications.
3. Any member of the multi-disciplinary regulatory and compliance assistance team, subject matter expert, or other individual working on the implementation of the ECA shall contact the Liaison for guidance any time he or she has any questions about compliance with the notification requirements set forth in Section XV of the ECA and clarified by this Memorandum of Understanding.

MADISON GAS AND
ELECTRIC COMPANY

/s/ Gary Wolter
Name

CEO
Title

8/20/04
Date

WISCONSIN DEPARTMENT
OF NATURAL RESOURCES

/s/ Scott Hassett
Name

Secretary
Title

8-19-04
Date